

TESTIMONY OF BLAINE PETERSEN

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In the United States Federal District Court for the District of Idaho

Saint Alphonsus Medical Center-Nampa, Inc., et. al. v. St. Luke's Health System Ltd., et. al.

CaseNo.1:12-cv-00560-BLW

Page Range: 8:03-8:03

03 Q. Good morning, Mr. Petersen.

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21 Q. Have -- in your experience, have any
22 of the payers in Idaho ever said to Saint Al's,
23 you know, you guys are more expensive than so and
24 so?

25 A. In my 20 years of negotiating
79:01 contracts, I would say every payer says that.

02 Q. Is that something you've heard?

03 A. Yes. I've heard it from every payer
04 here, and I've --

05 Q. Okay.

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08 THE WITNESS: Yeah, I've heard it from every
09 payer here just like I heard it from every payer
10 in Colorado and Utah, Nebraska, Washington. It is
11 just a common statement.

12 Q. BY MR. STEIN: So when a payer says
13 something like that here at Blue Cross or Regence
14 or somebody, do you -- do you get more information
15 from them about what do you mean; how are we more
16 expensive?

17 A. They've never shared data with me in my
18 career. They've never said I'm paying a hospital
19 X hundred dollars for this DRG and I'm paying you
20 105. I've never seen that. It is just a very
21 common negotiating statement that we hear from
22 payers. I've never in my career had a payer say
23 I'm paying you less than I pay your competitor
24 either.

25 Q. So you don't give those statements a
80:01 lot of credence in the negotiating process

02 A. I -- no. It is kind of the opening
03 statements from both sides. And I always -- you
04 know, on our side, I always say, "Yeah, but your
05 competitor pays me more than you do," so it is
06 just kind of start the conversation.

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12 Q. So if you wanted to see whether primary
13 care physicians affiliated with St. Luke's were
14 referring to Saint Al's, you would, what, look
15 at -- look at the data and see who the patients'
16 primary care physician is?

17 A. If it was -- if it was collected at
18 admission, yes.

19 Q. And how consistently and accurately is
20 that data collected at admission?

21 A. It is not perfect, but it is pretty
22 good. For those who are actually -- you know,
23 there's a lot of people who don't have a primary

24 care physician. But if they have a primary care
25 physician, they -- usually the patient
145:01 acknowledges it.

Page Range: 146:07-146:13

7 Q. BY MR. STEIN: Are you familiar with
8 the way that Saint Al's records inpatient and
9 outpatient data?
10 A. As the CFO, I would not look at that
11 detail. I would only look at summary reports
12 other people gave me. So, no, I don't know how
13 specifically it is done.

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8 If you wanted to identify referrals to
9 Saint Al's from primary care physicians affiliated
10 with St. Luke's, do I understand correctly that
11 what you would do is go to Saint Al's data,
12 identify the primary care physician where the
13 doctor was a St. Luke's doctor and then look for
14 those counters?
15 A. Yes. We would look at the counters,
16 compare it for different periods of time.

Page Range: 167:18-167:22

18 Q. BY MR. STEIN: Defendants' Exhibit 224
19 is marked ALPH049763, which is an E-mail
20 exchange between you and Janelle Reilly, dated
21 September 4th of 2011?
22 A. Um-hum.

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18 Q. And then in your response to her you
19 say, in the second line, "BCI tells us that our
20 charges and the reimbursement rates they pay us
21 are higher than St. Luke's."
22 Do you see that?
23 A. I do.
24 Q. What was the basis for that statement?
25 A. Just -- I think we talked about this
169:01 this morning. I think everyone says that, and so
02 that -- they said that. Whether it was true or
03 not, I don't know.
04 Q. and who from Blue Cross has said that
05 to you?
06 A. Jeff Crouch would probably be the
07 individual. He's the one we negotiate with, so it
08 would have been in -- during those negotiation
09 sessions.

Page Range: 169:10-169:20

10 Q. And how recently has Mr. Crouch told
11 you that Blue Cross's charges and reimbursement
12 rates are higher than St. Luke's?
13 A. You know, I don't think Jeff and I
14 have had a conversation about this is a couple
15 years.
16 Q. Have you heard anything more recent
17 from Blue Cross about how -- more recent than
18 September of 2011 as to how Saint Al's charges or
19 rates compare to St. Luke's?
20 A. I have not.

Page Range: 225:21-226:16

21 Q. BY MR. STEIN: Defendants' Exhibit 235
22 is ALPH25405. It is an E-mail from you to
23 Elizabeth Duncan. She's the director of public
24 relations for Saint Al's; is that right?
25 A. Um-hum. Right.
226:01 Q. And this E-mail is dated October 24th,
02 2012. And you write, in part, "St. Luke's is
03 really the little guy in the national scheme of
04 things. Having a larger Trinity and HCA as
05 competitors really is not an enviable position to
06 be in. Nothing like fighting with two 800-pound
07 gorillas."
08 What did you mean by that?
09 A. I don't remember the -- the blog that
10 I'm referring to that this refers to. So I'm
11 having a hard time -- I mean, her -- first, I
12 think it was sent out it to me as a joke, and I
13 wrote back. But I don't -- I don't remember the
14 blog. You've given me something without the blog
15 to refer to. So I can't remember what he said
16 that caused me to say that.

Page Range: 227:01-227:04

227:01 Q. Fair enough. There are large national
2 organizations behind Saint Al's -- St. Luke's
3 competitors in this market?
4 A. Yes